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Chairman, EDIC

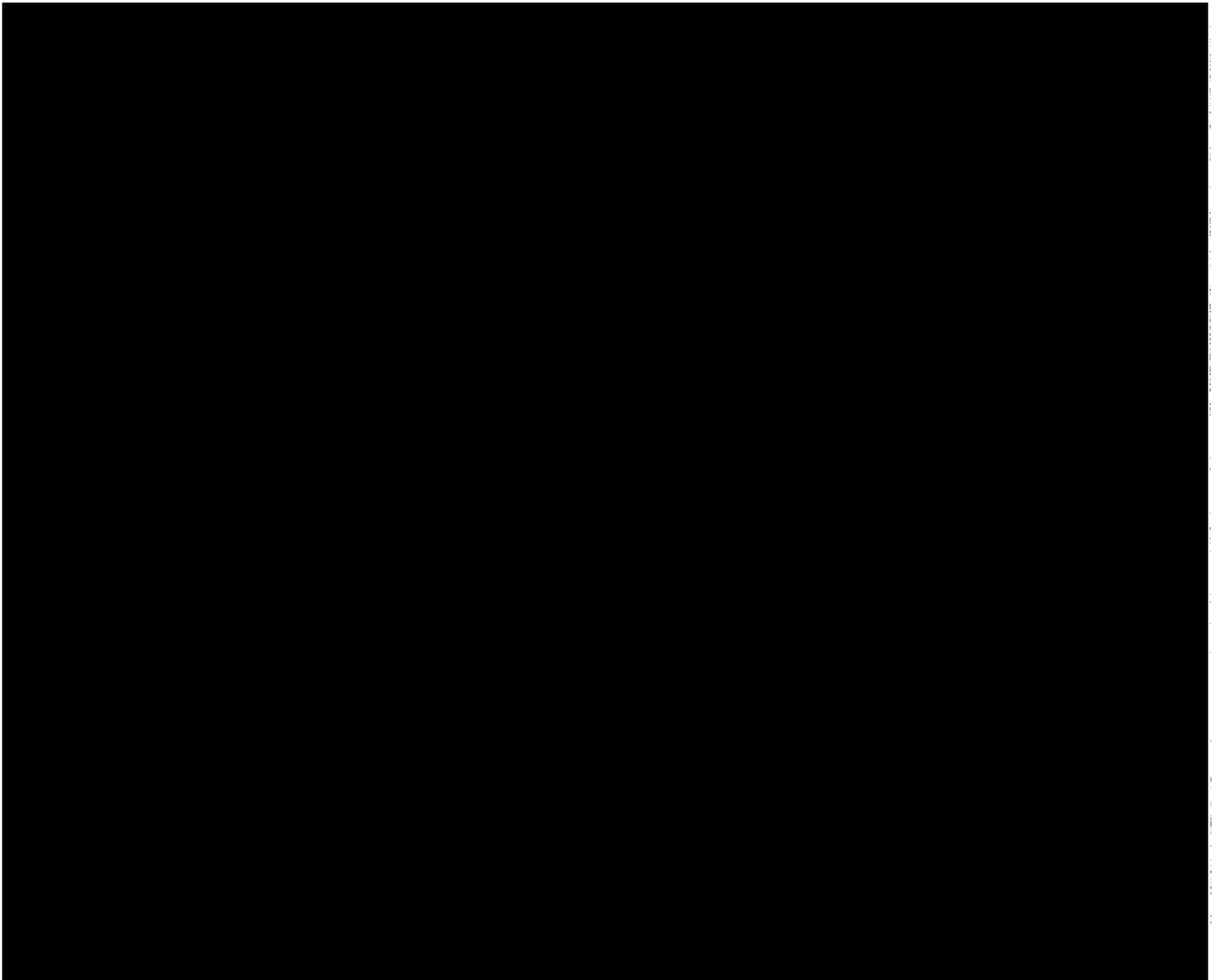
2 October 1957

There : Acting Chief, S/TD/ER  
Acting Chief, S/TD/T  
Marvin A. Zentner, S/TD/T

**Establishment of Polish Civilian Requirements for Selected Strategic  
Materials**

REFERENCES: (1) State CA 1677, 9 August 57;  
(2) State Topol 160, 17 July 57;  
(3) Paris Polto 202, 19 July 57;  
(4) ACEP PD 1315, 7 August 57.

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Instruction No. 4 above is obviously an attempt by the United States to apply ex post facto the conditions required for approval of U.S. export license applications involving shipments of MEXL C-1 commodities to Poland, i.e., "commodities which can be demonstrated to be reasonable and necessary to the civilian economy of Poland [Reference (4)]. Current U.S. policy on exports to Poland has already been reported to COCOM where it was received with unanimous approval by the other PC's [Reference (3)]. Even if requests for Polish assurances are made and received, it would appear useful to test aggregate Polish orders against an estimate of domestic Polish civilian consumption requirements. In view of the fact that Poland conducts most of its trade with the Sino-Soviet Bloc (60% in 1956), EDIC appears to be an appropriate forum for obtaining such estimates.

While borax is cited as an example, this same problem will undoubtedly arise for other IL-I and IL-II items. It is suggested, therefore, that EDIC consider the possibility of providing benchmarks, on the basis of Polish consumption, trade, and production data, for the use of U.S. economic defense officials in evaluating Free World exports of strategic materials to Poland. The most useful benchmarks probably would be those which establish the following levels for the commodities selected:

- I. Minimum annual import requirements of the Polish civilian economy which cannot be supplied from Polish production.

II. Maximum annual import requirements of the Polish civilian economy which cannot be supplied from Polish production.

On the basis of the above benchmarks it is suggested that the following zones could be established:

A. White Zone

This would include Free World shipments up to and including the minimum requirements as established in I above. Exports from Free World countries for Polish civilian end-use which fall in this zone would normally receive U.S. approval.

B. Grey Zone

This would include Free World shipments exceeding the requirements established in I above, up to and including the requirements established in II above. Exports from Free World countries for Polish civilian end-use which fall in this zone, would be handled on an ad hoc basis with U.S. approval or disapproval based on U.S. security interests.

C. Black Zone

This would include Free World shipments exceeding the requirements established in II above. Exports from Free World countries to Poland which fall in this zone, would normally be opposed by the U.S.

In addition to providing U.S. officials with levels for determining whether proposed shipments of strategic materials to Poland are in the best interests of the U.S., the basic data used to arrive at these levels (if classification permits) could be used in COCOM (e.g. forthcoming List II negotiations) and in bilateral discussions regarding proposed Free World exports to Poland which the U.S. considers contrary to its

security interests. The basic data would also contain information on Poland's past imports from and exports to other Bloc countries. An important objective of the revised U.S. policy towards Poland is to reduce Polish dependence on other Bloc countries, particularly the Soviet Union. Information on past imports from other Bloc countries is necessary to evaluate the extent to which this dependence has been reduced and the significance of Free World shipments of these selected items to Poland. Information on Poland's past exports to these countries would provide an additional basis for consideration of Free World exports of these items.

It is suggested that an Intelligence Request be presented to EDIC requesting that it establish a subcommittee to prepare estimates of Polish civilian needs for such commodities as the subcommittee may select.

A draft of a proposed EDIC Intelligence Request is attached.

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Attachment:

Draft IR to EDIC.